



United States Department of the Interior

NATIONAL PARK SERVICE

1849 C Street, N.W.
Washington, DC 20240

MAY 04 2012

Re: **First National Building, 660 Woodward Avenue, Detroit, Michigan**
Project Number: **26677**

Dear

I have concluded my review of your appeal of the decision of Technical Preservation Services (TPS), National Park Service, denying certification of the rehabilitation of the property cited above. The appeal was initiated and conducted in accordance with Department of the Interior regulations (36 CFR Part 67) governing certifications for Federal income tax incentives for historic preservation as specified in the Internal Revenue Code. I thank you for meeting with me in Washington on February 28, 2012, and for providing a detailed account of the project.

At our meeting, I requested additional information concerning the rehabilitation of the property. This information was needed in order for me to reach an informed decision regarding your appeal of the February 17, 2012, decision by TPS that the in-progress rehabilitation of the building did not meet the Secretary of the Interior's Standards for Rehabilitation (the Standards). I subsequently received additional material from with his letter dated March 13, 2012. After careful review of that material, I determined that the additional information did not remedy the general lack of documentation cited by TPS concerning the building's upper floor interiors, especially concerning the corridors. On March 27, 2012, I again requested additional information concerning existing conditions in the building.

I have received additional material from with his letter dated April 20, 2012, including floor plans of existing conditions for floors one through twenty-five, color photographs (some of which were previously submitted), copies of the proposed floor and reflected ceiling plans submitted in February 2012, and recent photographs of the rehabilitation in-progress. In his letter stated that no other photographs of pre-demolition conditions exist for floors eight through thirteen. I appreciate the effort involved in compiling these materials and have studied them carefully in preparing my decision.

After a thorough review of the entire record for this project, including all the materials submitted to date, I have determined that the rehabilitation of the First National Building is not consistent with the historic character of the property and the historic district in which it is located, and that the project does not meet the Standards. Therefore, the denial issued on February 17, 2012, by TPS is hereby affirmed. However, I have further determined that the project could be brought into conformance with the Standards, and thereby be certified, if the corrective measures described below are undertaken.

The First National Building, designed by Albert Kahn, is a limestone and granite-clad twenty-six story building, built in two phases. The original structure, built in 1922, stands at the corner of Woodward Avenue and Cadillac Square. In 1928, a major enlargement of the original building, connecting to its east end, was constructed following the design of the original building and using the same exterior cladding materials. In the 1950s, the ground level underwent extensive modifications. New floors were inserted

into the barrel-vaulted banking hall and a new lobby was created. Further alterations were undertaken during the 1980s.

At the time of acquisition in May of 2011, the building was over one-third vacant; existing leases dictate that the rehabilitation work will be accomplished in phases. Although the regulations accommodate phased projects, final certification of a project is based upon the overall impact of the completed rehabilitation on the historic character of the building. Thus, each phase of a project contributes to the overall impact of the rehabilitation and must be planned, reviewed and approved, and executed, with that goal in mind.

With regard to the exterior of the building, you have already agreed to delete the proposed projecting window wall bay and vertical tower element from the project. You have also agreed to design the new suspended canopies and the new cantilevered glass and steel canopies to be compatible with the historic character of the building. And, you have agreed to design new storefronts, replacing the 1950s storefronts, using the original design as the basis for the new storefront design. I have determined that deleting the proposed projecting window wall bay and vertical tower from the project eliminates an unacceptable treatment, and for that reason, they have not entered into my decision. However, I note that a Part 2 amendment for the redesigned canopies and storefronts has not been submitted for review and thus they are not included in my decision.

With regard to the proposed rehabilitation of the entrance lobby, you have agreed to redesign the first floor lobby to be compatible with the historic character of the building. Again, although you have proposed this work, I note that a Part 2 amendment for the revised design has not been submitted for review. For that reason, the proposed redesign of the lobby is not included in my decision.

In the appeal presentation, _____ argued that "interior elements are secondary" in relation to the building's contributing character to the Detroit Financial Historic District, and referenced a quote from "The Interiors Handbook for Historic Buildings" that, "Some historic buildings are virtually defined by their exteriors, and we can appreciate their contributions to our built environment regardless of our accessibility to the interior." Although I agree that the building's primary contribution to the physical character of the district is embodied in its exterior, I do not agree with the argument that the interior of the building contributes little to the overall historic significance of the district or the building itself. The very name of the district—as well as the statement in your presentation that, "This district is important as the financial and office heart of Detroit," —indicates that the significance of the district derives primarily from the financial activities taking place inside the buildings, in the office spaces. Additionally, I note that the regulations state that, "*A rehabilitation project for certification purposes encompasses all work on the interior and exterior of the certified historic structure(s) and its site and environment, as determined by the Secretary*" [36 CFR §67.6(b)].

With regard to floors nineteen through twenty-six, they are leased to a long-term tenant and no rehabilitation work is currently proposed. For that reason, floors nineteen through twenty-six are not included in my decision. Please note, however, that I have considered the existing floor plans for those floors (submitted by _____ with his letter of April 20th) as part of my assessment of the overall historic character of the office floors of the building.

With regard to the proposed tenant build-out of floors eight through thirteen, which has begun on floors eight, nine, twelve, and thirteen, TPS determined that the proposed change to an open office design was incompatible with the historic character of the building and was a principal cause of the February 17, 2012, denial of certification. In general, I agree with TPS and have determined that the proposed design for these six floors has two major impacts detrimental to the historic character of the building. First, the open office design eliminates the original configuration and circulation plan of the affected floors. Second, the design removes the finished ceiling, exposing the underside of the floor structure above and

the various mechanical systems suspended from it. Consequently, I find that these two changes effect a substantial change in character from the original design, in contravention of Standard 2, which states, *"The historic character of a property shall be retained and preserved. The removal of historic materials or alteration of features and spaces that characterize a property shall be avoided."*

In order to determine the impact of the proposed changes to floors eight through thirteen, I found it necessary to assess the degree of plan integrity on the office floors. I determined that the first four floors do not reflect the same office uses of the other floors and accordingly identified the top twenty-two floors (floors 5 through 26) as typical and the basis for my evaluation. In reviewing the submitted existing-condition plans, I determined that eight of those twenty-two typical office floors appear to have a high degree of integrity of their historic configuration of small offices flanking a double-loaded central corridor (floors 9, 11, 14, 20, 21, 22, 23, and 24). The sixth floor is problematic in that it is not consistent with the typical office floors, but it is identified as the floor on which the corporate directors had offices. Consequently, that floor would be atypical and the existing conditions plan appears to reflect use as executive offices. Accordingly, based on the available evidence, I have determined that the sixth floor retains a high degree of integrity. Consistent with the requirements of Standard 2, cited above, these nine floors are therefore the most important to preserve substantially intact. There is no floor plan for the twenty-sixth floor, the top floor of the building, so I will presume that it retains some—if not a high degree of—integrity. I further determined that the six of the twenty-two office floors are altered but retain some degree of integrity (floors 7, 8, 10, 12, 13, and 25) and thus that these seven partially intact floors can accommodate to some extent conversion to an open office floor plan design. Finally, I determined that the six of the twenty-two office floors are substantially compromised and retain little integrity beyond their elevator lobbies (floors 5, 15, 16, 17, 18, and 19) and thus would most readily accommodate an open office floor plan design. As a result, I find that the argument in your presentation that, "Of the 25 office floors, none is more important than another," to not be credible. However, I also note that my analysis determined that the equivalent of half of the twenty-five office floors (floors 2, 3, 4, 5, 15, 16, 17, 18, and 19, and portions of floors 7, 8, 10, 12, 13, and 25) could be converted to open office floor plans without significantly compromising the overall historic character of the building.

Regarding the proposed floor plan changes on floors eight through thirteen, based on my integrity assessment in the previous paragraph, two of the nine high-integrity floors (22%) and four of the seven partial-integrity floors (57%) are affected. Thus, six of the sixteen floors impacted by the requirements of Standard 2, if completed as proposed, will not comply with Standard 2 on the basis of the floor plan changes alone. I find this extensive loss of integrity and the resulting loss of historic character—affecting six of sixteen or 37% of the floors with integrity—to be unacceptable.

Regarding the finished ceilings, removal of the ceiling finishes to reveal the underside of the floor structure above, and insertion of exposed ductwork and other mechanical and decorative elements, will transform these historically-finished interiors into unfinished space more typical of a warehouse or other industrial building than of a twentieth-century office building—even one that had been altered over time. Again, six of the sixteen floors with integrity will undergo a substantial change in character, thus contravening Standard 2. I find this loss of historic character to be unacceptable.

Although the project as currently presented, modified from the original proposal, cannot be approved for the reasons stated above, I have also determined that it could be brought into conformance with the Standards if the project were further modified. If the proposed open office plan design on floors eight through thirteen were relocated to floors fourteen through nineteen, I would find their conversion to an open office plan to be acceptable, if finished ceilings were retained, because five of those six floors had previously lost their plan integrity. Alternatively, when considering, as suggested, the currently proposed work on floors eight through thirteen in relation to future phases of the overall project, I have determined that, 1) if the finished ceilings were reinstalled in substantial areas of floors eight through thirteen, 2) if the original central corridors were visually represented in the overall design for those floors,

3) if future phases of the project preserved the remaining floors with high integrity (floors 6, 14, 20, 21, 22, 23, and 24) and partial integrity (floors 7, 25, and 26) substantially intact, and, 4) the other changes you proposed (as noted above) are submitted for review and approved, the overall impact of the entire rehabilitation on the building could potentially comply with the Standards. I acknowledge that there may be other ways to preserve the overall historic character of these interiors while maximizing the amount of floor space converted to an open office design. Accordingly, I am willing to consider other alternatives that you may propose.

During the appeal meeting, explained your conviction that the rehabilitation of this structure will fulfill the spirit of the Federal rehabilitation investment tax credit, namely, of promoting the reuse of underutilized and deteriorating historic buildings. also spoke of the beneficial effect the rehabilitation of this structure will have on downtown Detroit and on the Detroit Financial Historic District. I have no doubt about the benefits of reviving underused buildings such as this one; however, the law establishing the rehabilitation tax credit requires that rehabilitations of historic buildings must be consistent with the historic character of such buildings. Unfortunately that is not the case here. Moreover, Department of the Interior regulations governing the program state that, *"In situations involving rehabilitation of a certified historic structure in a historic district, the Secretary will review the rehabilitation project first as it affects the certified historic structure and second as it affects the district and make a certification decision accordingly."* [36 CFR §67.6(b)(6)]

If you choose to modify the project as you have proposed and as stipulated above, you should submit Part 2 amendments describing the revised work, with detailed drawings of the proposed modifications, to TPS, Attention: with a copy to the Michigan State Historic Preservation Office. However, please note that this project will remain ineligible for the tax incentives until it is designated a "certified rehabilitation" following completion of all phases of the overall project. This caution is especially important in this case because the work proposed to date involves only a portion of the building. As TPS noted—and as we discussed at our meeting—the rehabilitation proposal originally called for significant changes to the building's lower floors on the interior and the exterior. These elements were variously deleted from the proposal, or potential modifications were proposed, while it was still under review by TPS. These proposed modifications have not been formally submitted. Consequently, they did not figure either in the initial review by TPS or in my decision. However, as you noted, these items or some version of them may be proposed in subsequent plans for the building's reuse. Consequently, given the complex history of this project to date, I strongly urge you to secure the required approvals before proceeding with any future phases of the rehabilitation.

As Department of the Interior regulations state, my decision is the final administrative decision with respect to the February 17, 2012, denial that TPS issued regarding rehabilitation certification. A copy of this decision will be provided to the Internal Revenue Service. Questions concerning specific tax consequences of this decision or interpretations of the Internal Revenue Code should be addressed to the appropriate office of the Internal Revenue Service.

Sincerely,



John A. Burns, FAIA
Chief Appeals Officer
Cultural Resources

cc: SHPO-MI
IRS